



## **An evaluation of new public management in higher education**

### **Same rationale, different implementation**

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## ***Abstract***

### **An evaluation of new public management in higher education: Same rationale, different implementation**

During the last decades, all OECD countries have implemented public sector reforms to increase the efficiency and to enhance the effectiveness and performance of public organisations (Pollitt and Bouckaert, 2000). These reforms have also taken place in higher education, more or less to achieve the same objectives (Dobbins, Knill and Vögtle, 2011). The reforms OECD countries have been confronted with, have to a large extent been theoretically classified under the concept of New Public Management (NPM), emphasizing the accountability of the public sector and the focus on results (Hood, 1995). This paper discusses NPM and investigates its characteristics in higher education. It is divided into three parts. First, the concept of NPM and its characteristics are discussed. Second, the implications of NPM in higher education are illustrated. Third, on the basis of a literature review policy developments in HE in a select number of countries will be discussed within the NPM framework, with a focus on four key characteristics of NPM: marketization, budgetary reforms, autonomy complemented by accountability, and a new management style. We conclude with a brief overview and evaluation of NPM in higher education. We conclude that an 'NPM pattern' can be discerned in the rationale underlying the 'modernisation' of higher education, but that we can at the same time identify substantial differences between the countries with regard to the actual implementation of NPM-based reforms, that is, the timing, their intensity, and their content.

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#### **INTRODUCTION**

During the last decades, all OECD countries have implemented public sector reforms to increase the efficiency and to enhance the effectiveness and performance of public organisations (Pollitt and Bouckaert, 2000). These reforms have also taken place in higher education (HE), more or less to achieve the same objectives (Dobbins, Knill and Vögtle, 2011). The reforms OECD countries have been confronted with, have to a large extent been theoretically classified under the concept of New Public Management (NPM), emphasizing the accountability of the public sector and the focus on results (Hood, 1995).

This paper discusses NPM and investigates its characteristics in HE. It is divided into three parts. First, the concept of NPM and its characteristics are discussed. In a second stage the implications of NPM in HE are illustrated. Finally, policy developments in HE in 10 countries will be discussed within the NPM framework. We conclude with a brief overview and evaluation of NPM in HE.

#### **NEW PUBLIC MANAGEMENT: DIVERSITY UNDER THE SAME UMBRELLA**

In the late 1970s, financial crises, bureaucracy, the heaviness of administrative procedures, and a decreasing level of public trust increased the discontent with the public sector (Pollitt, Van Thiel, and Homburg, 2007). Since then, public sector organisations and administrations worldwide have been modernized in order to increase their efficiency and effectiveness, to enhance their performance and to orient their services more to the expectations of their citizens (customers). This discontent has led to the introduction of new, managerialist ideas in the public sector and has been called the New Public Management (Pollitt, Van Thiel and Homburg, 2007). The term NPM encompassed various new management styles (Hood, 1995). During the last decades, researchers worldwide have highlighted this trend and have investigated public sector reforms that have been carried out under the impulse of NPM principles. However, NPM is not a straightforward concept.

First, NPM stands for the general idea that private practices, business concepts, techniques and values can improve public sector performance (Hood, 1995). This perspective actually states the superiority of private sector techniques assuming that its implementation in the public sector automatically leads to an improved performance.

From the literature, the following list of basic principles of NPM can be derived (Ferlie, Musselin and Andresani, 2008; Gruening, 2001; Osborne, 2006; Pollitt and Bouckaert, 2000): (1) an attention to lesson-drawing from private-sector management; (2) the presence of hands-on management and the organizational distance between policy implementation and policy making; (3) entrepreneurial leadership; (4) input and output controls, evaluation and performance management and audit; (5) the disaggregation of public services to their most basic units and a focus on their cost management; (6) the growth of the use of markets, competition and contracts for resource allocation and service delivery within public services; (7) the will to treat service users as customers; and (8) the will to produce smaller, more efficient and results-oriented public sector organisations. During the last decades, many public sector organisations and administrations have been reforming according to (some of) those principles. As such, the basic idea of the reforms was highly comparable, which stresses some kind of uniformity.

Second, NPM stands for not only a ‘general belief’ and a ‘basic idea’, but also for the various ways this general belief has been implemented in the concrete. In this sense, NPM is principally an umbrella concept, given the fact that the implementation has taken many forms and has been implemented with various levels of intensity and at different periods (Pollitt and Bouckaert, 2000). This has also been argued by Pollitt et al. (2007, p. 4) who state that within Europe, the implementation of NPM can be likened to a ‘chameleon, constantly changing its appearance to blend with the local context’. Even in 1995 it was already assumed that NPM would take numerous shapes within the OECD (Hood, 1995).

Since its emergence, NPM has had its opponents and advocates (Osborne, 2006). Hood (1991) posits that the advocates saw NPM as an answer to the old bureaucracy and as such as the best route to success to modernize the public sector (see also Pollitt and Dan, 2011). The pro-NPM literature assumes that the application of business methods will result in a public sector that is cheaper, more efficient, and more responsive to its ‘customers’ (Pollitt and Dan, 2011). The opponents, states Hood (1991), argue that NPM has been an assault on a valuable public service and is only a vague packet without real content. It has an intra-governmental focus in an increasingly pluralist world (Osborne, 2006) and leads to side-effects such as fragmentation, diminished coordination, lower social cohesion and negative consequences on personnel (Hammerschmid, Van de Walle, Oprisor and Stimac, 2013). NPM is suggested to have a limited geographical reach, focusing on Anglo-American, Australasian and (some) Scandinavian arenas (Osborne, 2006). Regarding the impact of NPM, some scholars argue that NPM was a disappointment to governments who implemented NPM reforms: they were confronted with negative experiences with management consultancy, with performance measurements that were reduced

to ‘happy sheets’ or ‘tick box exercises’, and with private ideas that were misfit to the peculiarities of the public sector (Curry, 2014).

Pitching a side is difficult as empirical evidence regarding the outcomes and effects of NPM are scarce. As Pollitt and Dan (2011, pp. 51-52) state: “there have been endless publications concerned with NPM-like programmes and techniques. Yet, our solid, scientific knowledge of the general *outcomes* of all this thinking and activity is very limited”. In other words: NPM has to a large extent been investigated in terms of implementation and processes, but not in terms of outcomes. Little is known about whether NPM ‘works’ and whether it actually results in increased efficiency and lower costs.

This overall skepticism has led to a period of post-NPM paradigms. For instance, the concept of ‘whole-of-government’ was introduced, emphasizing integration and coordination instead of the economic perspective and the perceived disaggregated effect of NPM reforms (Christensen and Lægreid, 2007). Another example is ‘digital-era-governance’, a concept emphasizing the role of IT-centered changes and focusing on reintegration, needs-based holism and digitization, striving to reintegrate functions into the government thereby closely connecting technological, organizational, cultural and social effects (Dunleavy, Margetts, Bastow and Tinkler, 2005). Another perspective is that of New Public Governance (NPG), wherein public management reforms are perceived as a variety of interactive forms of governing that are less ‘centered’ and are more based on interactivity, transparency, collaboration and participation between stakeholders and networks. NPG is often used as a new umbrella concept to define the difference between the new and older modes of governing (Osborne, 2006). As an umbrella concept, NPG encompasses a cluster of principles, such as process focus, co-ordination, participation and co-production (Torfing and Triantafillou, 2014). The three highlighted post-NPM concepts to a high degree emphasize the same elements: more integration, inter-connectedness, and inter-organizational networks. In this way, these newer concepts are a reaction to the economic principles and ideas underlying NPM.

Now that we have defined NPM as a general concept, we can specify in the next paragraph what the characteristics of NPM are when applied to higher education.

### **Reforming HE**

Higher education institutions (HEIs) have during the last decades been subjected to many reforms, encouraged by the emergence of the knowledge society, economic crises, increased competition, and demographic evolutions (Dobbins, Knill and Vögtle, 2011). Within that context, European and other countries have been seeking new ways to steer the HE sector (de Boer and File, 2009). In the context of budgetary restrictions governments have been reducing their expenditure on HE and have increasingly introduced the market as a new coordination mechanism (Middlehurst and Teixeira, 2012). Other management principles such as liberalisation and privatisation have also become part of HE governance in many countries (de Boer, Enders and Jongbloed, 2009; Broucker and De Wit, 2013). Generally speaking, one could state that those reform tendencies aimed to increase the efficiency and the effectiveness of the HE sector in the same way governments have tried to do in other public sector organisations and policy domains. As a result, the principles of NPM have to large extent been introduced in HE in Europe and beyond, be it quite often partially.

As a concept with clear roots in neo-liberalism, NPM became a general approach to governance and management in the public sector (Goedegebuure and Hayden, 2007). Through isomorphic processes, NPM also evolved into becoming a transnational myth about what constitutes a rational management structure for HEIs (Kretek et al., 2013). HEIs were from then on considered as organisations, rather than as *sui generis* collegial structures, with the company as an ideal type leading the direction of governance reforms (Kretek et al., 2013; Tahar and Boutellier, 2013). In other words, reforms based on NPM were introduced to transform a state-dependent organisation into a complete organisation wherein aspects as identity, hierarchy and rationality were introduced (Brunsson and Sahlin-Andersson, 2000). In this context new university models emerged, such as the entrepreneurial university (Clark, 1998) and the adaptive university (Sporn, 1999). The governance reforms have mostly followed the route laid out by the NPM concept (de Boer et al., 2008; Bleiklie and Michelsen, 2013).

However, the principles of NPM are not implemented in every HE sector in the same way or to the same degree (Broucker and De Wit, 2013), which is comparable with other sectors that have been subjected to NPM: “[t]here is no predominant model for higher education governance in Europe: diversity remains the hallmark of European higher education” (Eurydice, 2008, p. 104). In other words, the national context is important to understand HE governance in a given system, because “the same reform repertoire gives birth to interpretations that vary from one country and from one university to the other” (Paradeise, 2012, p. 596). As a result of the path dependency of the implementation of NPM (Dill, 2011), it seems that NPM, also in HE, is an umbrella or chameleon-like concept that can be used for

various guises of governance reform. The question then is what characteristics can be identified when NPM is applied in HE?

### **NPM- characteristics**

Several authors have summarized the characteristics NPM would have within HE. Marginson (2009) emphasizes corporatisation reform, growth in student fee-charging, an expansion of the role of private institutions, encouragement of commercial business activity in research, the creation of competition for parcels of government-provided resources, and output modeling. The OECD accentuates leadership principles, incentives, and competition between public sector agencies and private entities to enhance the outcomes and cost efficiency of public services (Hénard and Mitterle, 2006). Bleiklie and Michelsen (2013) stress hierarchisation (leadership and management), budgetary constraints, the formalization of evaluation, and the increased autonomy for institutions. Ferlie et al. (2008) arrive at a list of ten characteristics, including market-based reforms such as the stimulation of competition for students and funding and the encouragement of private sector providers; the development of real prices for student fees and research contracts; the development of audit and checking systems; and vertical steering with stronger and more overt managerialism.

In sum, NPM in HE contains a wide range of characteristics, which can be classified under four broad areas. Although the delineation of these four areas is not clear-cut, they do offer a solid approach to analyse reforms in HE in different contexts.

**Table 4.1 NPM-areas in Higher Education**

	<b>Marginson (2009)</b>	<b>Hénard and Mitterle (2006)</b>	<b>Bleiklie and Michelsen (2013)</b>	<b>Ferlie et al. (2008)</b>
<b>Market-based reforms</b>	Role expansion of private institutions; encouragement of commercial activity; competition creation	competition between public agencies and private entities		competition for students and funding; market entrance encouragement and failure acceptability
<b>Budgetary reforms</b>	Growth in student fee-charging	Financial incentives	Budgetary constraints	Value for money; real prices development and introduction of higher student fees; hardening of soft budgetary constraints
<b>Autonomy, accountability and performance</b>	Output modeling	Incentives	Formalization of evaluation; more autonomy	Performance measurement and monitoring; audit and checking systems; vertical steering
<b>New management style and new management techniques</b>	corporatization reform	leadership principles	Hierarchisation	development of strong executive and managerial roles; reduction in faculty representation; local government influence reduction

It is clear that NPM contains a diversity of elements, but in the actual implementation of reforms not every element needs to be implemented to the same extent to be able to call it an NPM reform (de Boer et al., 2008). In the next sections we discuss to what extent the four elements are present in some countries and what this means for HE, since, as Bleiklie already stated in 1998: “introducing these ideas in a public university system should make an apt case for the exploration of the potential and limitations of NPM as a universal approach to management reform. In Higher Education, where institutional autonomy and academic freedom are fundamental values, the compatibility between the rationale of the reform policies and the substantive field in which they are supposed to operate is posed more acutely than in most other policy fields” (p. 299).

## AN INTERNATIONAL COMPARISON

In this section we use the above classification to briefly discuss the core NPM elements in seven countries representing the different administrative traditions discerned by Bleiklie and Michelsen (2013): England, New Zealand and the United States for the Anglo-American tradition, the Netherlands and Flanders for the Germanic tradition, Portugal for the Napoleonic tradition, and Finland for the Scandinavian tradition. With this selection, we include both early NPM adopters (the Netherlands and especially England and New Zealand) and latecomers (Portugal, Finland). Next to those countries, we present results from three Eastern-Europe countries: Hungary, Latvia and Lithuania which can be characterized by a mixture of Germanic, Napoleonic and state centered former Socialist/Soviet traditions of higher education governance.

### *Market based reforms*

Many OECD governments have moved towards increased marketisation of the HE sector, in a bid for the enhancement of efficiency and accountability, whilst reducing the financial burden for the government (Meek and Davies, 2009).

In **Portugal**, throughout the 2000s changes have been framed within NPM (Magalhães et al., 2013; Kauko and Diogo, 2011). Based on OECD recommendations that HEIs should still be supported financially by the government, but should operate within the private sector, the government accorded in 2007 a new legal status to universities, together with a state budget drop urging them to generate more income (Kauko and Diogo, 2011). At the same time, the role of the provision of HE changed: the development of the private sector has been encouraged to cover the capacity lack in HE (Ferlie, Musselin and Andresani, 2008). This has increased competition between institutions for attracting students (Cardoso, Carvalho and Santiago, 2011). The question remains whether Portugal will evolve



towards full liberalisation, with, among other things a deregulation of employment conditions for professors and researchers (Kauko and Diogo, 2011).

In **England** increasing competitive pressure has been the key change (de Boer, Enders and Schimank, 2008), in the first place between existing HEIs, but also by allowing private providers to become degree-granting institutions. These private activities – sometimes established in partnership with public HEIs – “blur existing boundaries around the sector with the result that it is both more diverse, more flexible, and in a number of cases, less accountable” (Robertson, 2010, p. 31). The implementation of NPM principles has involved cutting budgets and tightening controls, creating internal competition, and introducing monitoring mechanisms (Shattock, 2008). This scenario was implemented at the system level but had an equivalent impact on the institutional level, leading to an emphasis on the primacy of management over bureaucratic procedures, towards monitoring of performance and auditing quality, and to the establishment of (financial) targets (Shattock, 2008).

This is comparable to the **United States** where HE is basically characterised by strong competition (Slaughter and Cantwell, 2011; Ramirez and Christensen, 2013). The US HE system is highly complex with 4350 accredited degree-granting colleges and universities which range from public to private for-profit institutions, two-year community colleges to doctoral degree-granting institutions. HEIs have undergone a transformation since the early 1980s (AASCU 2010). The boundary between university and external environment has become much less defined due to government policies and institutional strategies encouraging more interactions with the market (Bok, 2003; Geiger, 2004; Leisyte and Dee, 2012; Slaughter & Rhoades, 2004). Competition in the US has been strongly underpinned by competition for students as they are key in generating income, whereby the constant increase in fee levels over the years has intensified the competition. As noted by Geiger and Heller (2011, p. 9-10) the ‘beauty contest’ has increased competition and the university gaming with tuition fees, aid and various other market-oriented phenomena in US higher education. The top HEIs have been participating in the ‘arms race’ for the best students and have been increasing their costs of education, whereby the belief has been created that the higher the spending, the more likely to attract the best students, and the better the quality of education (Ibid.). In contrast to many European HE systems, US universities enjoy a high degree of autonomy demonstrated in limited governmental funding and low degrees of regulation. Another important feature is strong central management on the one hand and strong disciplinary departments on the other. Professional management of US universities and their entrepreneurial orientation has been well accounted for in the literature (Bok, 2005, Geiger and Sa 2008, Leisyte and Dee, 2012).

In the **Netherlands**, the concept of ‘steering at a distance’ was introduced in 1985, meaning that the government only defines the general framework for HE (de Boer, Enders and Schimank, 2008).

Incentives-based funding has led to market-type behavior and a more distinct profiling by the HEIs (ib.). In other words, HEIs were re-defined as strategic actors that have to take responsibility for “maintaining quality, providing an adequate range of teaching and research programmes, and ensuring access to higher education” (Maassen, Moen and Stensaker, 2011, p. 487).

In **Finland** universities have traditionally been under strict legal control as they were in fact part of the national administration. However, a new law was drawn up over 2008-2009 introducing an entrepreneurial culture. The main aim was to increase autonomy for universities, “which will be afforded legal status in their own right, and will have much increased financial freedom” (Aarrevaara et al., 2009, p. 5).

In **Hungary** the HE system is institutionally diversified, with state and non-state universities, and state and non-state colleges (Jongbloed et al., 2008). The establishment and operation of HEIs are regulated by the 2005 Higher Education Act. Every institution may launch academic programmes after consent of the Hungarian Accreditation Committee (Jongbloed et al., 2008). The number of students admitted is limited. The Ministry of Education announces the number of state-financed places in each study field. Institutions can open further places according to their capacity where the students pay the cost of the education. Hungary has a highly developed, but small, system of private HE. Non-state institutions must gain state recognition and approval, but it is said that this is a long and bureaucratic process (Singh & Marcucci, 2008). In 2005 the allocation of state-funded bachelor students changed. Instead of using a quota system to limit the number of students for each institution and subject area, quotas were set for major study fields: students were ranked by their secondary school results. Those with results good enough to be within the quota would be state-financed and the institutions to which they are admitted would receive the funding “attached” to the students. This would increase competition. This new system seems to be more performance oriented: in the old system, places were allocated among institutions and all institutions got state-funded places. Weaker institutions were usually selected by less talented students. In the new system students with the best result select first and their choices determine the allocation of state-funded places.

In general, the Law on Education from 1991 determined the overall structure of **Latvian** HE. In this act, the establishment of private HEIs was allowed followed by the introduction of tuition fees. As a result, the HE system in Latvia contains both public and private higher education providers. The public sector is the largest (Jongbloed et al., 2008). In general, the influx of students since 1997 has been made possible by expanding the existing institutions, and by creating new institutions. Important here is the expansion of the private sector, and the creation of regional HEIs. Although the legal framework concerning external quality assurance is equal for public and private higher education institutions, there are still differences as to the institutional autonomy of these institutions, not least in their management

structure, and in how detailed they are regulated. For example, while private higher education institutions can choose freely which language a given study programme may be taught in, this is much more limited for the public institutions. Private higher education institutions, with some exceptions, do not receive state budget funding. Both public and private higher education institutions charge tuition fees, and the institutions can decide on the level of fees themselves (Jongbloed et al., 2008).

In **Lithuania** reforms influenced by NPM – or at least, changes in the policy rhetoric – have started in 2000s (Leisyte and Kizniene, 2006). After regaining its independence in 1990, Lithuania has restructured all its public sectors, including higher education. The Law on Science and Higher Education of 1991 defined the boundaries of state regulation and granted the universities full autonomy (Leisyte and Kizniene, 2006). The Lithuanian Law on Higher Education (2000) defined the governing structure of HE. The Government, the Ministry of Education and Science, the Parliament (Seimas) and a number of specialist organizations such as the Lithuanian Science Council, the Rectors' conference and the Centre for Quality Assessment were then important actors involved in steering higher education institutions. A retreat from regulation to more output-oriented approaches of state guidance could be observed from 2009 on, when the new Law of Higher Education (2009) decentralized higher education governance. The new law has liberalized the 'market' of higher education by allowing high tuition fees and introducing a 'student voucher' system, as well as by introducing more performance orientation with regard to research. The accession to the EU in 2005 and the consequent availability of funding through the EU's Structural Funds has further increased the drive for competition in the Lithuanian higher education sector (Leisyte et al. 2014). At the same time, new performance monitoring instruments have been put in place (also with the help of EU Structural Funds) in the period 2009-2014, which have increased accountability of universities to the state.

**New Zealand** adopted already in the 1980s neo-liberalism into its HE. It was argued that differences in the social status of different kinds of institutions was outdated and "buttressed by funding regimes that awarded universities higher levels of government support" (Strathdee, 2011, p. 28). The guaranteed funding for HEIs was abolished, government funding was made more equal across different kinds of institutions offering similar kinds of training, and a system of tuition fees was introduced (Strathdee, 2011). This led to a quasi-market in HE, but had unintended effects (Strathdee, 2011): many new providers opted to offer degrees in competition with universities, and the cost of provision to the state grew enormously. In reaction, new policies were introduced in 1999. From then on, the government could determine what kind of training and how much of this training can be offered by HE providers; and research funding was concentrated in research intensive institutions (Strathdee, 2011).

Market-based reforms are unlikely to happen in **Flanders** (Broucker and De Wit, 2013), where liberalization and privatization do not get a foot on the ground and the HE system continues to be

strongly state regulated. Private providers can enter the market, but need to comply with strict regulations including for instance coming to an agreement with an existing HEI and getting recognition from the government, which makes entrance to the ‘market’ highly conditional and far from obvious.

### **Budgetary reforms**

Budgetary reforms to steer on performance whilst granting more autonomy is perceived as a typical NPM tool. In most countries the state remains the main funder, albeit that funding is allocated on both input and output indicators and in competitive ways (Jongbloed, 2008).

Although the recent **Finnish** reforms have turned universities into independent legal entities with more possibilities to seek private funding, the state remains the principal source of income (Kauko and Diogo, 2011; Aarveaara et al., 2009).

Also in **Portugal**, public HE has traditionally relied on state funding, whereas private institutions only can rely on state scholarships for their students (File, 2008). From the mid-1990s onwards, government policies have increased the focus on competition for research funds and have promoted public-private partnerships (Magalhães and Santiago, 2011). Since 2005, the allocation mechanism became progressively based on performance and quality indicators, but due to frequent changes in the criteria, little has changed in terms of the budget each HEI receives (Teixeira, 2010).

The competition for funding is, as already highlighted above, very strong in **England**, especially through the Research Assessment Exercise or Research Excellence Framework as it is now called. Introduced in 1986, this research assessment clearly installed competition between institutions (Robertson, 2010). The overall funding system changed even further in 1992 when the polytechnics were relabeled as universities, a decision followed by budget cuts and the increase in tuition fees for students up to 25% of the cost of an average study programme (Robertson, 2010). Finally, in 2012, student fees were increased, capped at GBP 9 000 per year (Eurydice, 2014).

This competitive context for funding can also be seen in the **US**: while in the 1990s performance funding was popular, it was dropped by several states during the mid-2000s. However, these policies have re-emerged after the recession. Since 2013, 33 governors have committed to pursuing performance funding and results-oriented efforts for HE (Rutherford and Rabovski, 2014). States use performance-based funding systems as a way to deal with decreasing state funding and increasing pressure to improve performance. Under these systems, institutions are funded based on performance measures such as credit-hour completion and graduation rates (Leisyte and Enders, 2013). Next to state-funding, colleges and universities have funds from different sources, such as tuition and fee payments, grants, contracts from governments, private gifts, and so on (Eckel and King, 2004). The main trends in terms of competition among institutions in the US have been a constant increase in student fees they

charge as well as mission drift towards competing for the best human resources and federal research grants (Leisyte and Dee, 2012). However, a distinction has to be made between public and private institutions when it comes to fee levels. At the same time, even if we explore public HEIs in the US, the difference in ratio between the income generated from the state and that from private sources is large compared to the situation for European institutions (Leisyte and Dee, 2012). In the US public HEIs (depending on the state) may receive around 15% of its income from the state, while in the European context, the public HEIs receive sometimes 90% of their income from state sources (Leisyte and Dee, 2012). Having low dependency on the state purse makes US universities much more dependent on the market (such as private donations, private foundations, contract research, tuition fees and their endowments). The US federal budget for HE is determined yearly and this budget is the main source of needs-based financial aid for students and for the appropriations of the community colleges.

In the **Netherlands**, according to de Boer, Enders and Schimank (2008, p. 44), “the tools of government increasingly changed from directives to financial incentives”, with performance funding and contractual relations between state and HEIs on the rise. Government funding consists of a closed envelope distributed on the basis of performance indicators such as the number of degrees and PhD’s awarded, the establishment of research schools, and strategic research funding (de Weert and Boezerooy, 2007).

**Hungary** changed its funding system over the years, starting with the introduction of formula funding in 1996 (Jongbloed, de Boer, Enders & File, 2008), which was mainly input-based. In 2001 the possibility for students to get a loan was introduced. The system applied an interest close to the market interest rate, which made it, from a government perspective, self-sustainable (Jongbloed et al., 2008). In 2005, the formula funding was adjusted to the Bologna-system. Next to that, a debate took place on student contributions, introduced in 2006 to be abolished again in 2008. At the same time it was made possible for students to gain the status of “cost-covering” (self-financed): students who were not state-funded were admitted to the system. The number of cost-covering students is limited by the institution’s capacity (Jongbloed et al., 2008). In the years 2012 and 2013, the budget for education has been reduced significantly (Berács, Rubos, Kováts & Temesi, 2014). The state fund withdrawals were supported by the “self-supporting higher education” concept, but in December 2012 the students found the situation so unacceptable that they demanded negotiations. As a result of the negotiations the number and the distribution of state-funded places slightly changed compared to the original concepts. In addition, since 2012, new students may opt for a restricted-use loan at 2% interest for financing the tuition fee - in addition to the traditional loan (see above) at an interest rate of 7.5% (Eurydice, 2015). Furthermore, the government representative formulated a new strategic vision for November 2013. This agreement includes new elements only concerning the distribution and does not stop the withdrawal of state funds. By 2014 this resulted in the reduction of the direct expenditure of the budget on higher

education by a third in five years. This process was not accompanied by the clarification of funding principles. Nowadays, the HEIs have started implementing ad hoc survival strategies (Berács et al., 2014).

In 2001, **Latvia** introduced formula funding to improve results and outcomes: funding is allocated on the basis of a contract between the individual institutions and the ministry responsible for that institution. For many HEIs the income from the state funding system only cover for less than half of the budget. In addition, the state budget is channeled through various ministries who have ownership of certain institutions. Furthermore, regional authorities and municipalities may also fund institutions. In general, this creates a very diversified funding system, which on the one hand is beneficial for institutions to be able to increase their total funding through parallel funding, but which on the other hand is making control and monitoring of resources difficult. Since January 2009 institutional autonomy concerning the possibility to reallocate resources internally has increased. Funding is currently given through a lump-sum, and institutions are free to use this autonomously. This also includes institutional autonomy in how to spend the income generated from tuition (Jongbloed et al., 2008). In 2014, the Ministry of Education and Science has prepared a draft concept for a new financing model. It preserves financing study places as a basis for system stability and sustainability, but it also includes additional performance-based funding, as well as targeted funding for strategic objectives and innovation. However, in order to implement this new model an increase of investment in HE is necessary. Therefore, the Ministry has requested additional funding for the new financing model from 2015 (Eurydice, 2015).

In **Lithuania** there were attempts to introduce performance-based agreements between the universities and the Minister of Education and Science in 2000s. Initially these were agreements regarding the number of students to be educated in different disciplines and there were attempts to introduce changes to the formula funding of universities. However, in practice, this was not implemented due to an extensive lobby processes of various stakeholders (Dobbins and Leisyte, 2014). At the same time university budgets have increasingly diversified by including tuition fees, service contracts as well as contract research. However, this has changed after the 2009 Law on Higher Education, which has strengthened the output orientation of HE funding. After the 2000 HE Law, public HE institutions were increasingly financed from the state budget through lump-sum budgets. Allocations to institutions were determined according to the formula funding, where 50% of funds were based on historical earmarking and the remaining 50% was calculated according to the increase in student numbers, demand for research and capital activities, teacher qualifications and the ratio of students per teacher. Since the HE Law 2009 the funding allocations have shifted towards a formula with a stronger mixture of input- and output-based indicators, where research performance is becoming more important (Dobbins and Leisyte,



2014). Today the most important sources of income at the discretion of universities are contract research and student fees. The HE Law 2009 introduced student vouchers, and tuition fees were sharply increased for all students varying per discipline (Ibid.). Funding for research is allocated to universities from the state budget based on a formula in which output indicators such as the number of journal publications and produced PhD degrees are important.

Given the criticism on neo-liberalism in **New Zealand**, in 2002 it was decided that the government only funds providers to deliver HE according to individual ‘investment plans’ (designed to increase differences between different types of providers and to increase the labor market relevance of the training provided). Investment plans are developed by all providers and set out the areas wherein providers are to offer training and detail the number of state-funded places that can be offered to students in each institution. Besides, to limit the cost of tuition to students, a fee-maxima policy was introduced (Strathdee, 2011). At this point, every university is part-funded (around 50 per cent of total income) by the Government (Ministry of Education, 2015).

The government in **Flanders** introduced a new funding mechanism in 2009, thereby moving clearly away from input financing and toward output financing. No longer the number of students, but criteria such as the number of degrees awarded and research performance indicators (publications, citations, ...) are used to distribute funding among the HEIs. Nevertheless, although resource allocation has become more competitive, the state remains by far the main funding body for higher education (Broucker & De Wit, 2013).

### **Autonomy, accountability and performance**

HE has, in many countries, shifted from a state control model to a state supervisory model (Neave and Van Vught, 1991; Meek and Davies, 2009). This has enlarged the freedom of HEIs, increasing significantly their autonomy, but moderated by accountability (Meek and Davies, 2009).

The **Netherlands** introduced this idea in 1985, when the government declared its ‘steering at a distance’ policy. This strategy was adopted by law in 1993 implementing a transition from ex-ante standards and rules to ex post evaluation, implying accountability and performance. This increased autonomy and accountability, while the government retained strong correctional powers. Both internal and external evaluations of teaching and research are obligatory, and as of 2007 a supervisory board of external stakeholders, appointed by the minister, was installed for each institution (de Boer et al., 2010). The relationship between HEIs and the government has increasingly become a contractual relationship: HEIs develop strategic plans but within parameters negotiated with the government (de Boer, Enders and Schimank, 2008).

This kind of reform is not straightforward for all countries: for instance, in **Finland**, management by

results has been implemented to increase the performance of HEIs. According to Kauko and Diogo (2011) this system is opposed, as it has been implemented as in other public sector domains, forced by the Ministry of Finance, and without taking the peculiarities of universities into account.

In **England** governmental pressure on HEIs has been intensified, albeit starting from a point where government intervention was very low. The ‘British exception’ of independence from the state has gradually been overruled by state intervention and even implied “state micro-management on a scale comparable to other European systems” (Shattock, 2008). In the process research funding has become heavily reliant on indicators. Also in teaching and education evaluation indicators have become part and parcel of HE policies, through quality assessment of subjects and institutional audits. The results of these assessments are published and can, as such, lead to reputational consequences influencing the level of income (Capano, 2011).

In **Portugal** HEIs “are able to determine their own mission and strategy but within a policy framework and set of regulations that constrain their choices, mainly because the public funding has been reduced progressively” (de Boer and File 2009, p. 30). There is state interference in that an accreditation system was put in place for both study programmes and institutions, a minimal number of students for study programmes was introduced, and in the allocation system quality indicators were included (Magalhães and Santiago, 2011). HEIs have also been made more accountable to external stakeholders (see also above): an executive council has been established with almost a third of members being external stakeholders, on top of the verticalisation of internal decision-making (Teixeira, 2010).

Before 2005, state-owned institutions in **Hungary** had to operate as budgetary organizations. In 2005, The Higher Education Act improved the financial autonomy of HEIs, not by changing their general position, but by empowering them to take financial decisions easier. For instance, institutions were allowed to retain and accumulate residual amounts, to keep their own income in a separate account (Jongbloed et al., 2008). Apart from that, performance contracts were introduced in 2006, wherein the Ministry guarantees an agreed flow of funds for three years, as a result of negotiations between each institution and the Ministry. The HEIs take the responsibility to increase their performance, while goal achievement and progress is monitored (Jongbloed et al., 2008). Despite those efforts, Hungary continues to be characterized by a general lack of transparency and inadequate funding, increasing institutions’ dependency and vulnerability (Berács et al., 2014). In general, their autonomy has narrowed, certainly regarding organization and management (e.g. ministerial appointment of rectors and general directors for management, appearance of financial inspectors). Indeed, the government plays a key role in the governance of higher education as they fulfil tasks regarding organisation, development and legality control (Eurydice, 2015).

In **Latvia**, the law was amended in 2006 establishing all state higher education institutions as



“autonomous public entities”. This created a more clarified relationship between Ministry and HEIs. It is currently expected that the Ministry regularly develops a more overarching and long-term policy and strategy for higher education, while HEI have formulated and implemented their own strategies and plans. As a result, HEIs are currently independent legal bodies: they can take initiatives to establish a more diversified funding base.

In **Lithuania** after 1990 universities regained their autonomy from the state in certain areas (Leisyte and Kizniene, 2006). They are free to design their own policies and strategic plans as well as govern themselves, they are free to develop their curriculum, to select their students and appoint academic staff. However, they have to follow the Law on Higher Education 2009 in terms of governance arrangements of university boards and quality assurance procedures. Further, they are subject to state monitoring via capacity reviews carried out by the State Monitoring Agency. The accountability of universities to external funding bodies such as the Lithuanian Research Council lies in the form of progress reports of the funded projects. When it comes to state steering of research, it takes place via various funding instruments, especially through the National Science Programmes and the Programme of National Science Valleys, which have provided significant funding for research infrastructure development for selected universities.

The changes introduced in **New Zealand** created a new approach to funding and monitoring. As already stated, the government invests in areas of education that meet its strategic objectives (Freeman, 2014). Institutions must have charters that outline a provider’s contribution to HE and to its stakeholders, and that reflect regional variations in the demand for skills. In turn, this feeds into the policies and practices of the universities, which invest in areas that match the priorities established by the government. An important new method which increased HE performance is the publishing since 2008 of the external evaluation and review of providers, and which contributed to the government’s future funding decisions. As a result this is truly a performance based funding system (Ministry of Education, 2015). In addition, other performance information (e.g. retention and completion rates) about HE providers were made more widely available to allow students and employers to make informed decisions about education, and to create an incentive for providers to improve performance (Strathdee, 2011).

Some of the above described elements can also be seen in the **US**: the last few decades policy-makers have demanded the universities to account for their performance, and public universities are required to collect, report, and analyze data across a wide range of performance indicators (Rutherford and Rabovski, 2014). Further, reporting regarding the performance has been an important instrument for strategic decision-makers within the institutions. The changes in the governance arrangements also have implied giving autonomy to public institutions in the area of tuition setting and reducing the powers of the statewide coordinating boards (McLendon, 2003). As discussed in Leisyte and Dee (2012), the

massification in enrollments led many states to create consolidated governing boards or state coordinating boards to enhance rationality and efficiency in the use of resources and to plan across institutional sectors. It is suggested that this trend led to both greater decentralization and great centralization at the same time (Eckel and Morpew, 2009). Decentralization occurs with the greater autonomy of universities from the statewide coordinating boards and this gives university administrators the possibility to set the strategic priorities for their institutions. At the same time, this decentralization may lead to centralization of internal governance if the authority of institutional management is enhanced (Leisyte and Dee, 2012). As greater autonomy means greater accountability, the administration gains authority via the usage of various indicators of productivity and efficiency, such as graduation rates and faculty workloads (Dill, 2001).

Universities depend strongly on their Boards of Trustees as well as the state Boards when it comes to state HEIs (Dee 2006, Dill 2001). Certain priorities set by the state may have an impact on the state funding for specific research areas - which indirectly can steer the activities of university researchers. In the US the States are responsible for higher education policy. The federal government is largely responsible for the student financial aid programmes as well as for the research funding through its agencies. The priorities of federal funding agencies have a similar effect when it comes to steering research priorities. However, when it comes to the internal governance of universities, they are quite autonomous from the federal and state governmental steering.

While the National Research Council conducts an elaborate ranking exercise for graduate programs approximately once per decade (Hicks, 2009), the far more ubiquitous rankings are produced by US News and World Report. Rankings do not have direct financial implications, but constitute a quasi-objective, third-party assessment of institutional quality, and therefore can convey prestige to the institutions that acquire high ratings and thus have indirect effects. Bastedo and Bowman (2011) found that university rankings in 1998 significantly predicted financial measures in 2006. After controlling for prior reputation, higher rankings were associated with attracting larger amounts of research funding from government and industry, and obtaining donations from a higher proportion of alumni (Leisyte and Dee, 2012).

The funding that HEIs in **Flanders** receive from the government, both the lump sum basic funding and the funding distributed competitively through research funds, is for the most part awarded as a lump sum to the institutions. This leaves the HEIs with some discretionary powers in how to spend the funding. Since the state reforms of the 1990s, deregulation and autonomy were indeed key principles in higher education reform, albeit coupled with accountability (De Wit & de Boer, 2010). HEIs are free to determine content, teaching methods, and research programmes, although funding priorities and financial incentives made available by the government may have an impact (De Wit & de Boer, 2010).

### **New management style**

The last broad area of NPM relates to the introduction of a new management style, typified by corporatization, verticalisation, hierarchisation, leadership, and the demise of representative governance structures.

**Portugal** implemented several changes regarding their governmental bodies in HEI's. First, HEI's should be governed by a government-appointed board of trustees (Kauko and Diogo, 2011). Rectors used to be elected by the university assembly, but would now be elected by secret ballot by the General Council. Second, university senates, formerly the governing body in Portuguese HEI's, lost power and sometimes even disappeared (Kauko and Diogo, 2011). Third, in addition to academic and student representatives, 30% of members of the General Council should consist of individuals who do not belong to the institution. Finally, administrative councils have been replaced by management boards with identical responsibilities: administrative, financial and human resources management of the institution (Kauko and Diogo, 2011).

In **Finland**, public universities have a board, a rector and a university collegiate body. The highest executive body, the board, would consist of 7 to 14 members, of whom at least 40% are external stakeholders. The rector is elected by the board and holds the main executive power. In private institutions, the main organs are the board, the rector and an "overall multi-member administrative body". The latter can be compared to the collegiate body of a public university. The rector is elected by the board and has approximately the same executive power as rectors in public universities. One of the most significant changes was the re-formulation of the rector's position: while this person used to be elected by the university community, he has now become more or less a CEO responsible to the board (Kauko and Diogo, 2011).

Countries like **the Netherlands** also passed new laws and created similar university boards, who would consist, partly or exclusively of non-university members, and were expected "to play the role of an American board of trustees, while setting priorities, approving budget and validating strategies" (Ferlie et al., 2008, p. 334). In the Netherlands, this had led to centralization of decision-making at the top of HEIs, increased executive leadership, and a declining role for collegial bodies (de Boer and File, 2009; de Boer, Enders and Schimank, 2008).

In **England** corporate management was strengthened; at the post-1992 universities' (former polytechnics) managerialism was at the heart of governance reforms, but also later in the pre-1992 universities this seemed to comply best with the exigencies of funding councils (Shattock, 2008). The allocation of resources and the drawing up of quality rankings has increased pressures on academic staff to do more with less (Deem, 2011). There are also internal pressures in the form of "explicit and overt

management of academic staff and their work by academic managers and career administrators” (Deem, 2011, p. 48). In sum, this has resulted in a verticalisation of internal decision-making and a weakening of the collegial power of the academic bodies, and externally in more competition and institutional differentiation. Nevertheless, although collegial governance is under threat, it seems that top and middle management have acted in favor of traditional academic values and practices. Managers often are manager-academics pursuing policies in response to external pressures but with respect for academic traditions (de Boer, Enders and Schimank, 2008), whilst asserting their ‘right to manage’ (Deem and Brehony, 2008).

In **Hungary** a decrease in policy priority towards education has been observable, partly because governmental responsibility for HE had been divided among several ministries. The appointment of a new minister of state for higher education has somehow ameliorated the relationship between ministry and institutions, though significant change did not happen (Berács et al., 2014). The Higher Education Act of 1993 prescribed the internal structure of HEIs, including the responsibilities assigned to each governing body. With the integration process in 2000, the internal governance structure was not legally modified: the Senate remains the main decision-making body and the powers of the executives (rector, dean) remain as they were before. Nevertheless, in the period 1996–2005 the HEIs have been trying to modernize their management structure. The Higher Education Act of 2005 made it possible for institutions to decide on their governmental structure. In practice however, most old academic and decision-making structures stay intact (Jongbloed et al., 2008).

In **Latvia**, the Constitution (*Satversme*) of a HEI (representatives of academic staff, students and other groups of employees) is the main legal act regulating its activities. The *Satversme* establishes, among other things, the legal status, objectives and spheres of activities, rights, duties and tasks of representative, management and decision-making institutions, and so on. In general, it is the *Saeima* (the Parliament) who approves constitutions of state-founded higher education institutions, while the Cabinet of Ministers approves those of other institutions. Important here is that the new law of 2006 reduced the number of decision-making bodies inside higher education institutions, and paved the way for new councils (up to the individual institutions to establish) intended to strengthen the strategic capabilities of the institutions. These councils consist of both external and internal representation and perceive as key task a greater adaptability to societal needs.

In **Lithuania** universities increasingly depend on external stakeholders in their management (Dobbins and Leisyte, 2013, Leisyte and Kizniene, 2006). The role of students and other stakeholders in institutional management has increased the passing of the HE Law in 2000, which stipulates their participation in senate decision-making. With the HE Law of 2009, the university boards were established which have decision-making powers and appoint the university rector. The management at

universities in this way has been gradually centralized, although the powers of collegial-decision making are still quite strong despite the NPM-oriented reforms of the past decade (Leisyte et al. 2014). University rectors after the 2009 Law are appointed by the university boards which also have more powers in getting involved in strategic planning of the university.

In **New Zealand** universities are autonomous, meaning that they are independently managed and governed by a council drawn from the community, business, staff and the student body, together with local and central government representatives (Ministry of Education, 2015). As a result, the councils are constituted to represent various interests and to be properly *representative* of the wider community (Edwards, 2000).

In the **US**, the situation is quite diverse since states are responsible for governing public colleges and universities (Eckel and King, 2004): some institutions have constitutional autonomy, others have elected boards of trustees. In some states, a governing board is appointed by the governor, while in others the state board only plays an advisory function (Eckel and King, 2004). Interesting is that “the trustees or regents are largely comprised of corporate CEOs and professionals external to academe”. (Slaughter and Cantwell, 2011, p. 593). One of the major developments in terms of the internal governance has been the changing influence of traditional faculty governance processes. University trustees and policymakers have criticized the slow pace of decision making; they have issued calls for streamlining decision-making procedures so that institutions can respond more rapidly to emerging opportunities in the external environment (Association of Governing Boards, 1996). Other observers have called for bypassing existing governance committees to rely instead on administratively-appointed planning groups (Leisyte and Dee, 2012). In addition, the streamlining of the Boards of Trustees has also been on the policy making agenda at HEIs although it started as a self-resignation exercise back in 1987. In this line, the recent development of decreasing the number of members in Boards of Trustees is a prime example: that too many trustees make the decision-making process cumbersome and ‘burden’ the Board (Stripling, 2012).

In **Flanders** collegial governance has remained strong. Many of the governing bodies include a representation of internal and external stakeholders, but these are elected and decision-making is largely collegial (De Wit, 2006). Governance structures have largely remained stable, with as guiding principles “collegiate governance, participative governance, openness towards external stakeholders, and elected managers” (ib. p. 19). Moreover, in Flanders there is no obligation for HEIs to perform long-term strategic planning. With the introduction as of 2015 of institutional audits as part of the quality assurance system, the institutions might feel the need to centralize goal-setting and supervision, but this remains a question for the future.

## Overview

The table below provides an overview of the described countries.

**Table 4.2 Overview international comparison**

	<b>Market</b>	<b>Budget</b>	<b>Autonomy</b>	<b>Management</b>
<b>England</b>	Increase in internal competition; growth of private initiatives	State budget drop; strong competition for funding	More government interference; use of indicators and quality assessment	Strengthened executive leadership ('managerialism')
<b>Portugal</b>	Increase in internal competition; promotion of private sector	State budget drop; increase in performance- and competition-based funding	Autonomy for HEIs but within a clear set of rules including quality indicators	Strengthened executive leadership (board with external members)
<b>Netherlands</b>	Market-type behavior by HEIs; institutional profiling	Increase in performance-based funding; contractual relations	'Steering at a distance'; increase in ex post-evaluation and quality assessment	Strengthened executive leadership (Decentralization of decision-making)
<b>Flanders</b>	Highly conditional 'market'	Output funding	Increased autonomy within policy framework	Strong collegial governance
<b>Finland</b>	HEIs under strict legal control	State as main funder; some private funding possible	Increased autonomy; management by results	Strengthened executive leadership (position of rector, board with external members)
<b>New Zealand</b>	Diminishing marketization; increasing competition	State as main funder; investments plans; fee-maxima policy; performance based funding	Use of performance information; autonomy but within governments' vision	Independent council, representative for the wider community
<b>US</b>	Strong market competition	Performance funding; funding dependent on the market	Low state interference	Diversity among states; decrease in number of trustees
<b>Hungary</b>	HEIs under state control; increased competition between students	Introduction of students loans; withdrawal of state funding; ad hoc funding strategies	More performance contracts, but strong vulnerability and limited autonomy	Fragmented governmental responsibility; senate is main decision making body
<b>Latvia</b>	Expansion private HEIs	Contract funding; highly diversified funding system	Increased autonomy	Constitution is main body; trends towards a reduction of decision making bodies; creation of new councils with representation of stakeholders
<b>Lithuania</b>	Increased competition between institutions	Shift to more output and performance funding	More performance oriented, increased autonomy and accountability measures	Still strong collegial decision-making; importance of internal and external stakeholders

## VISIBLE TRENDS

In this paper we have provided a descriptive overview of NPM-related reforms in 10 countries, which can be divided in 5 clusters: the Anglo-American tradition (England, New Zealand and the United States), the Germanic tradition (the Netherlands and Flanders), the Napoleonic tradition (Portugal), the Scandinavian tradition (Finland) and Eastern-Europe countries with a mixed set of characteristics (Hungary, Latvia and Lithuania). What patterns of reform can we identify in the 5 clusters?

First, it seems that there is a wave within the Anglo-American tradition. While England and the United States have already since decades a strong neoliberal culture, with high autonomy, high competition and low state interference and they both seem to pursue in that direction, it seems that New Zealand is drifting away from the pure neoliberal discourse that NPM would suggest. Indeed, as an early adopter, it seems that New Zealand is moving towards characteristics that could be addressed to NPG: diminishing marketization, a representative decision making body, a renewal of state interference but in dialogue with HEIs. In other words: characteristics as collaboration and participation have been created to counteract a pure market oriented perspective of higher education. As an early adopter it could be that New Zealand has been confronted as one of the first with the more negative consequences of NPM and has therefore decided to seek for other forms of governance and steering of the system.

Second, the Germanic, Napoleonic and Scandinavian traditions don't show a clear-cut picture. While the Netherlands seem to move towards more marketization, more competition and apparently are creating a Higher Education system that shows similarity with NPM-characteristics, it seems that Flanders is not quiet exactly following the same path. Despite the increase in autonomy, traditional HE system's characteristics remain intact: high state interference, low marketization, strong collegial governance. This is interesting because other policy domains in Flanders have been confronted with large NPM-type reforms. From that perspective it seems that Portugal has more similarity with the Netherlands than Flanders, despite the fact that it belongs to a different administrative tradition and despite the fact that it is perceived as a late adopter of NPM. Similarly it seems that Finland, apart from their governance structure, has more similarity with Flanders and is only adopting NPM at a rather slow and hesitating pace.

Third, the Eastern European countries show a mixed picture. While Hungary tries to create more autonomy and an increase in competition between HEIs, the funding strategy remains un-transparent, the vulnerability of HEIs is high, and their autonomy, despite the performance orientation, remains low.



In other words: Hungary is trying to modernize, and it seems that she is adopting NPM-characteristics, but is struggling to leave the former characteristics of its system behind. From that perspective it seems that Latvia and Lithuania are ahead: the way NPM has been adopted is less ambiguous: competition has increased, together with autonomy and accountability. Striking is that both countries are integrating internal and external stakeholders in their decision making bodies, which to some extent already touches at elements of NPG.

Can we discern a pattern within the above patterns? To some extent it seems so. Countries with a long tradition of Higher Education do not easily change their core characteristics: England and the United States haven't really changed the philosophy of their system radically, Flanders and Finland do not easily leave behind elements of state interference. To some extent this is probably due to the philosophy of the HE system: Flanders and Finland have democracy and large access high on their agenda, while England and the US perceive high tuition fees as an indicator of quality. The former explains the importance of the state, while the latter emphasizes the market philosophy. The Eastern European countries, having a Soviet history, are apparently seeking a HE system that fits best the societal and economic needs of the country.

## DISCUSSION AND CONCLUSION

Under the influence of NPM many changes have been introduced in the HE sector in various countries. It was termed 'new' because of this very reason (Gunter and Fitzgerald, 2013). Never before had 'management' so clearly been positioned as an alternative to collegial governance, that now was perceived as slow and inefficient. Traditional universities were 'invaded' by managerialism and NPM was an inspiration to steer the sector differently (Amaral, 2008). We identified four main reform areas in HE: marketization, budgetary reforms, autonomy complemented by accountability, and a new management style. When we look at the described developments, a pattern is visible: when reforms are made, they go in the direction that NPM would suggest. This leads to the conclusion that NPM has penetrated HE policy of many Western countries. On this basis, policy makers have looked to the same instruments to implement reforms. In this way, the general thrust of reforms shows similarity across countries: elements of marketization have been introduced, state budgets have been reduced and made competitive, autonomy has been granted but has been complemented with ex post control, and management structures have been verticalised.



But although an ‘NPM pattern’ can be discerned in the rationale underlying the ‘modernisation’ of HE, we can at the same time identify substantial differences between the countries with regard to the actual implementation of NPM-based reforms, that is, the timing, their intensity, and their content. Governments have implemented a different mix of instruments, and have put a different focus on each of the instruments (for instance, giving priority to budgetary reform). In sum, NPM in HE has been and still is a concept underlying HE reforms in many countries, notwithstanding different national contexts and administrative traditions. Even in late adopting countries such as Portugal and Finland, NPM has a foot in the door. This does not mean, however, that all HE sectors have evolved towards a full NPM model in the actual implementation of reforms, quite on the contrary. Like in other policy domains, NPM has found its way in HE and in HEIs, but at a different speed and with varied intensity, and always filtered by the national context. Governments use the ‘toolbox’ of NPM as they see fit, in the light of policy goals which in many cases include tightening of the governmental budget.

Next to the implementation differences, our country overview resonates with the findings from Pollitt and Dan (2011) that it is not clear what the effects of the reforms have been. Research does not seem to focus a lot on the actual outcomes and effects of NPM implementation. This makes it hard to assess whether NPM reforms have actually led to cost reduction, more efficiency and more responsiveness to society. In contrast, some of the general critiques on NPM clearly hold true for HE: (1) the economic, neo-liberal background of NPM is often found unfit for HE; (2) elements of the collegial system still exist in HE; (3) there is resistance both from the HEIs towards the government and within HEIs from academics who do not feel they have more autonomy and who perceive quality and performance measurement primarily as an administrative burden of tick-box exercises (compare Fumasoli et al., 2014); (4) increased autonomy has not led to a retreat of the government; and (5) quality assurance systems were set up as a means of regulating the sector (Jarvis, 2014). In this way, those NPM-developments have not led to less but to a different kind of governmental steering which could be classified under the concept of ‘the evaluative state’ as referred to by Neave (1998). In other words, government continues to govern (Capano, 2011) albeit in other ways, such as digital era governance (Peters, 2013) or network governance (Bleiklie et al., 2011; De Wit, 2010; Ferlie et al. 2009). As a result, we do not have evidence that NPM-inspired reforms have made universities more efficient and effective. For a part this is due to the fact that research has not focused on the actual outcomes of NPM. But for another part the reason is that NPM is not a ‘package deal’ but rather a set of instruments or tools from which policy makers can pick and choose depending on the circumstances (policy goals, political resistance, unintended consequences in the implementation phase, etc.). Because NPM is an umbrella concept, it is useful as a way to describe changes in HE, as we have done in this chapter, but it

lacks the conceptual clarity needed to be able to link observed effects directly to the concept and its use in HE policy.

Moreover, the scepticism of post-NPM narratives can also be applied to HE. Although NPM favors hierarchisation, it has also led to more horizontal relations within and between markets (Amaral, 2008). Post-NPM narratives point to degrees of integration, inter-connectedness, and inter-organizational networking that cannot be captured by the NPM concept. Some have therefore proclaimed NPM to be dead (Dunleavy et al. 2005, cited in Gunter and Fitzgerald, 2013). This, however, seems to be a claim that comes too early (Gunter and Fitzgerald, 2013): as a concept NPM is still pervasive. It can be seen as an ideal type that is for the moment here to stay, just as collegial governance has not been completely uprooted by NPM but has to an extent kept its place alongside NPM (Goedegebuure and Hayden, 2007). This is also seen in the public sector where, traditional bureaucratic culture persists (Wynen and Verhoest, 2013). However, it is no wonder that post-NPM concepts such as New Public Governance are starting to emerge. New Zealand, for instance, as a trendsetter outside Europe, is shifting its policy from a neo-liberal discourse towards a more controlled market where negotiations and participative decision-making with involvement from societal actors gain more prominence. Another example of counter-developments is the case of tuition fees in Germany: they were introduced in most *Länder* in 2007, but were abolished again in 2014 (Woelert, 2014). It is highly possible that similar ‘waves’ will be identified in other countries in the near future. As our analysis showed: governments often use instruments, try them, and change policies afterwards.

To conclude, for HE research, the challenge will be to grasp these and similar contemporary developments in HE that are focused on connectedness, integration and networking. This will very likely lead to the construction of a new ideal type steering model, that will exist next to NPM or gradually replace the NPM model. The essence will be, first, to unpack the narrative behind the new concept when it is used in HE as a management ideal, and second, to find consensus on a clear definition of the management tools and instruments that are an inherent part of the new concept, in order to turn the ideal type into a research concept that can be used to not only describe, but to critically analyse and evaluate reforms in HE. Moreover, an important task for higher education researchers is not only to focus on the analysis of the developments, but also to pay considerable attention to the effects (positive and negative) of future reforms.

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